

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Public Services - Commercial Taxes Department - Sri K.Madhu Babuthe then Deputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division - Allegations of corrupt practices, collecting mamools from Vijayawada whole sale dealers, colluding with the tax evading dealers, unholy nexus with the Accountants of the dealers, threatening the dealers those who are not yielding to mamools, abuse of official powers and regular complaints in newspapers and by certain individuals on Intelligence wing- Enquiry - Enquiry Officer appointed - Enquiry Report Submitted- allegations prima-facie proved - Disciplinary proceedings initiated under Rule 20 of Andhra Pradesh Civil Services (Classification Control and Appeal) Rules, 1991 - Article of Charges - Issued.

REVENUE (VIG.VI) DEPARTMENT

G.O.Rt.No.130

Dated:10.02.2023
Read the following:

G.O.Ms.No.40, Revenue (VIG.VI) Dept., dated:10.02.2023.

ORDER:

In continuation of the G.O. read above, it is proposed to hold an enquiry against Sri K.Madhu Babuthe then Deputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division in accordance with the procedure laid down in Rule 20 of the said rules.

2. The substance of the imputations of misconduct or misbehavior in respect of which the inquiry is proposed to be held, is set out in the enclosed statement of articles of charge (Annexure-I) and the imputations of misconduct or misbehavior in support of each article of charge is enclosed (Annexure-II). A list of documents by which and a list of witnesses by whom the articles of charge are proposed to be sustained, are also enclosed (Annexure-III & IV).

3. Sri K.Madhu Babuthe then Deputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division is directed to submit within 15 days from the date of receipt of this order, a written statement of his defense.

4. Sri K.Madhu Babuthe then Deputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division is informed that an inquiry will be held only in respect of those articles of charges are not admitted. He should, therefore, specifically admit or deny each article of charge.

5. Sri K.Madhu Babuthe then Deputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division, is further informed that if he does not submit his written statement of defense on or before the date specified in para 3 above further action will be processed based on the material available.

6. Attention of Sri K.Madhu Babuthe thenDeputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division is invited to Rule 24 of the Andhra Pradesh civil services (conduct) Rules, 1964, under which no Government servant shall bring or attempt to bring any political or outside influence to bear upon any superior authority to further his interest in respect of matters pertaining to his service under the Government. If any representation is received on his behalf from another person in respect of any matter dealt within these proceedings it will be presumed that Sri K.Madhu Babuthe thenDeputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division is aware of such a representation and that it has been made at his/ her instance and action will be taken against him / her for violation of Rule 24 of the Andhra Pradesh Civil Services (Conduct) Rules, 1964.

The receipt of this order may be acknowledged.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N. GULZAR
SECRETARY TO GOVERNMENT (CT)

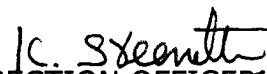
To,

Sri K.Madhu Babuthe thenDeputy Commissioner (ST), Vijayawada-I Division, presently working as Joint Commissioner (ST), Guntur-I Division (w.e. Annexure-I to IV) through the Chief Commissioner of State Tax, A.P., Guntur District (with a request to serve the order on the individual and send the served copy with dated signature to Government).

Copy to:

The Chief Commissioner (ST), A.P., Kunchanapalli, Guntur District.
SF/SC.

// FORWARDED :: BY ORDER //


SECTION OFFICER

ANNEXURE-I

STATEMENT OF ARTICLES OF CHARGE FRAMED AGAINST SRI K.MADHU BABU THE THEN DC (ST), VIJAYAWADA-I DIVISION, PRESENTLY JC (ST), GUNTUR-I DIVISION

Article:-I

That Sri K. Madhu Babu then DC (ST), Vijayawada-I Division presently working as JC (ST), Guntur-I Division worked in Intelligence Wing of Vijayawada-I Division from 20.07.2019 to 25.06.2020 during the Financial years 2019-20 and 2020-21.

That Sri K. Madhu Babu then DC (ST) while working as DC (ST) in Intelligence Wing of Vijayawada-I Division

- (i) Failed to follow the Act and Rules of APGST Act 2017, standard operating procedures of collection of taxes in force in the Department, viz., such as issuing show cause notice, raising demands, levying penalties, interest and collection of legitimate taxes from the dealers.
- (ii) The intelligence wing of the Vijayawada-I Division obtained information of 131 dealers in the months of November & December 2019 from Director, Insurance Medical Sciences relating to supply of medicines and surgical equipment to ESI hospitals within the State. Out of which 27 dealers in Vijayawada-I Division, that action was initiated by the charged officer only in 21 cases and the rest of 6 cases were untouched. Even in those 21 cases the charged officer failed to take proper initiative to collect the dues from the dealers.

From the above it is evident that Sri K. Madhu Babu the charged officer has acted in a grossly negligent manner violating rule 3 of AP CS (Conduct) Rules, 1964.

- (iii) The Intelligence Wing obtained information from Irrigation department on the works executed by the water user Associations under Neeru-Chettu programme. As per the information, Rs.220.38 cr worth of works are executed by these water user Associations in the State. Out of these, 211 Associations were identified as executed work worth of Rs.47.55 cr in erstwhile Krishna District which falls under Vijayawada-I Division jurisdiction. The tax that has to be collected from 211 associations i.e., Rs.6 crore approximately was not collected. That the Government lost the revenue of Rs.6 crore approximately due to negligence in discharging the duties by the charged officer. The information pertaining to other Districts was also not communicated to the respective JC(ST)s.

Which resulted in approximately Rs.21 crore loss of revenue to the state exchequer.

From the above it is evident that Sri K. Madhu Babu the charged officer has acted in a grossly negligent manner violating rule 3 of AP CS (Conduct) Rules, 1964.

The above actions and inactions of Sri K. Madhu Babu then DC (ST) presently JC (ST), Guntur-I Division while working in

Intelligence Wing of Vijayawada-I Division resulted in huge revenue loss to the State exchequer.

Thus by the above mentioned acts the charged officer exhibited lack of integrity, lack of devotion to duty and committed grave misconduct which is unbecoming of a Government servant in contravention to Rule 3 of A.P.C.S.(Conduct Rules)1964.

Article:-II

That the charged officer while working as the Deputy Commissioner of Vijayawada-I division failed in administering and in supervising the subordinate officers / staff worked under his control in discharge their function.

Thus by the above mentioned acts the Charged Officer exhibited lack of integrity, lack of devotion to duty and committed grave misconduct which is unbecoming on the part of Government a servant in contravention to Rule 3 of A.P.C.S. (Conduct Rules)1964.

Article: -III

That the charged officer has vicarious responsibility for the misconduct/misbehavior and moral turpitude of the officers and staff working in intelligence wing, Vijayawada-I Division, but he failed to control such behavior of the officers and staff and thus acted in a grossly in disciplined manner unbecoming to be a Government Servant,

Thus, by his above-mentioned acts the charged officer exhibited lack of integrity, lack of devotion to duty and committed grave misconduct which is unbecoming on the part of a Government servant in contravention to Rule 3 of A.P.C.S. (Conduct Rules)1964.

Thus, by the above acts of commission and omission the charged officer has rendered himself liable for penal action under rule 9 of APCS (CCA) Rule 1965.

N. GULZAR
SECRETARY TO GOVERNMENT (CT)

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SECTION OFFICER

ANNEXURE-II

STATEMENT OF IMPUTATIONS OF MISCONDUCT OR MISBEHAVIOUR IN SUPPORT OF THE ARTICLES OF CHARGE FRAMED AGAINST SRI K.MADHU BABU THE THEN DC (ST), VIJAYAWADA-I DIVISION, PRESENTLY JC (ST), GUNTUR-I DIVISION

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Article:I to III

Government in Memo.No.REV01-/CCST0CCTE/32/2021-CT-II, Revenue (CT-II) Dept., Dt.14.07.2022 has appointed OSD, Revenue (CT) as enquiry officer for detailed enquiry into the allegations.

The enquiry report submitted by the OSD, Revenue established:

1. Intelligence Wing of Vijayawada-I Division obtained the data from the Director, Insurance Medical Services, regarding supply of medicines to ESI Hospitals by different dealers within the State and from outside the State for the years from 2017-18 to 2019-20. As per the information furnished by the Director, about 131 Dealers supplied medicines and surgical goods to the ESI Hospitals in A.P. during the said period valued Rs.127.13 crore of medicines and Rs.22.99 crore of surgical goods approximately. The Director, ESI also furnished information on the payments made to the suppliers along with their account numbers and IFSC Codes. It is noticed from the record that the Intelligence Wing had determined from the data that 27 suppliers belong to Vijayawada-I Division, 38 to other Divisions of A.P. State and the rest belong to other states. As per the report of the JC(ST) there was no proof that the information regarding these 38 suppliers was communicated to the respective JCs(ST). Similarly, there was no record that the information regarding the suppliers of other States was communicated to the Commissioners (ST) of respective states.
2. The Intelligence Wing of Vijayawada-I Division took up verification of 21 dealers out of the 27 suppliers and passed orders raising demands for suppression of turnovers and taxes. With regard to these 21 cases it may be noted that the information from the Director, ESI was received in the months of Nov'19 and Dec'19 and after verification with the returns filed by the dealers show cause notices were issued in the months of Mar'20 and Jun'20. However, in all these cases orders were passed in January'22 and in Apr'22. The huge gap of nearly two years between the receipt of information and crystalizing the demands on suppressed turnovers watered down the very effort of taking up verification of the data because in all most all these cases the orders were not served properly and only the minor part of demands raised was collected.
3. Out of these cases, in one case i.e. M/s.Sairam Pharmaceuticals, the Dealer took registration for GST on 01.07.2017 but cancelled it on 02.07.2017 but the dealer continued to supply medicines to ESI even after cancellation evading tax of Rs.67.68 lakhs on a turnover of Rs.8.54 cr. In another case namely M/s.Tirumala Medical

Agencies the dealer cancelled his registration on 21.01.2020 soon after receipt of information by the Intelligence Wing from ESI. It was determined in the Assessment order that the said dealer suppressed a turnover Rs.2.04 cr and a tax of Rs.24.56 lakhs. In another case namely M/s.Jercon Enterprises the registration was cancelled one month before passing of order raising a demand of Rs.1.12crore. The dealer filed Appeal after five months on 05.09.2022. In one more case namely M/s.Bhuvaneswari Medicine House also the dealer cancelled registration on 31.01.2020 soon after receipt of information by the Intelligence Wing on supply of medicines to ESI. The tax evaded by this dealer is Rs.24.11 lakhs. Similarly, M/s.Anjani Pharma cancelled the registration on 06.06.2019. The tax evaded by this dealer was Rs.13,28,382/-. In none of these cases or in other cases the Intelligence wing attached bank accounts and other properties provisionally under APGST Act, 2017 before passing orders or finally after passing orders and raising demands to protect revenue.

4. In addition to Medicines the dealers also supplied surgical goods to the ESI Hospitals to the tune of Rs.22.76 cr. Out of several dealers who supplied surgical goods to ESI Hospitals, only in two cases namely M/s.Sri Sai Surgical and Agencies and M/s.Maruti Medi needs show cause notices were issued on 13.04.2020 proposing a tax of Rs.11.89 lakhs and Rs.9.43 lakhs respectively. Thereafter no further action was initiated as reported by the JC(ST).
5. Soon after receipt of information as per APGST Act 2017 the course of action is should verify the data with the returns and wherever suppressions of turnovers and taxes are noticed prima-facie, issue show cause notices followed immediately by provisionally attaching the properties (including bank accounts) of the dealers under Section 83 of the GST Act to protect revenues. The information of bank accounts of the dealers to which ESI remitted the sale proceeds was available on record. However, inaction of the Intelligence Wing had resulted in huge loss of the revenue to the State.
6. And the above actions and inactions of Sri K.Madhu Babu, DC (ST) presently JC (ST), Guntur-I Division while working in Intelligence Wing of Vijayawada-I Division resulted in huge revenue loss to the State exchequer.
7. Neeru-Chettu is a Government programme under which repairs to water bodies are done through water user Associations as contractors. These water user Associations was registered under GST Act. The Intelligence Wing obtained information from Irrigation department on the works executed by the water user Associations under Neeru-Chettu programme. As per the information, Rs.220.38 crore worth of works are executed by these water user Associations. Out of these, 211 Associations were identified as executed work worth Rs.47.55 cr in erstwhile Krishna District. The Intelligence Wing, Vijayawada-I Division issued summons to the Water user Associations for production of books of Account. When there was no response from any of the Associations, the Intelligence Wing simply transferred the cases to the Circle Offices concerned without any follow up action. It is also not known

whether the information pertaining to other Districts was communicated to the respective JC(ST)s. The Intelligence Wing, Vijayawada-I Division was negligent in taking forward the information to its logical end.

8. The staff working in Intelligence wing generate summons without proper Authorisations and call for submission of information from the dealers. It was noticed that in some cases even though a number was assigned to a particular dealer for summons, there were no files relating to those dealers.

From the above it is seen that the Charged officers has committed certain omissions and commissions by which act has grossly neglected his duties thereby committing grave misconduct and exhibited lack of devotion to duty and thereby acted in a manner unbecoming of a Government Servant violating the provision of rule 3 of AP (CS) Conduct Rules, 1964.

Thus, by the above acts of commissions and omissions has the charged officer rendered himself for penal action under rule 9 of APCS (CCA) rules 1991.

N. GULZAR
SECRETARY TO GOVERNMENT (CT)

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SECTION OFFICER

ANNEXURE-III

LIST OF DOCUMENTS BY WHICH THE ARTICLES OF CHARGES FRAMED AGAINST SRI K.MADHU BABU THE THEN DC (ST), VIJAYAWADA-I DIVISION, PRESENTLY JC (ST), GUNTUR-I DIVISION ARE PROPOSED TO BE SUSTAINED

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- 1) Adverse News item published in a Telugu Newspaper against Intelligence Unit of Vijayawada-I Division on 04.04.2021.
- 2) CMO.Ref.11381/CMO-G/2019
- 3) Complaint dated 12.04.2021 filed by Sri Prasad.
- 4) Govt. Memo.No.REV01-/CCST0CCTE/32/2021-CT-II, Revenue (CT-II) Dept., Dt.14.07.2022 appointing Enquiry Officer.
- 5) Enquiry report dated 19.12.2022 of OSD, Revenue.

N. GULZAR
SECRETARY TO GOVERNMENT (CT)

// FORWARDED :: BY ORDER //


SECTION OFFICER

ANNEXURE-IV

LIST OF WITNESS BY WHOM THE ARTICLES OF CHARGES FRAMED AGAINST SRI K.MADHU BABU THE THENSSDC (ST), VIJAYAWADA-I DIVISION, PRESENTLY JC (ST), GUNTUR-I DIVISION ARE PROPOSED TO BE SUSTAINED

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1) OSD, Revenue (CT) Department, A.P., Secretariat, Velagapudi.

N. GULZAR
SECRETARY TO GOVERNMENT (CT)

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SECTION OFFICER